

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

**December 10, 2019**

MOTOR CARRIER MATTER

☐

DOCKET NO.

**2019-239-E**

UTILITIES MATTER

☒

ORDER NO.

**SUBJECT:**

**DOCKET NO. 2019-239-E** - Dominion Energy South Carolina, Incorporated's Request for Approval of an Expanded Portfolio of Demand Side Management Programs, and a Modified Demand Side Management Rate Rider – Staff Presents for Commission Consideration Dominion Energy South Carolina, Incorporated's Request for Approval of an Expanded Portfolio of Demand Side Management Programs, and a Modified Demand Side Management Rate Rider.

**COMMISSION ACTION:**

This docket concerns Dominion Energy's Request for Approval of an Expanded Portfolio of Demand Side Management Programs, and a Modified Demand Side Management Rate Rider. As an initial matter, I move that we approve Dominion's proposed suite of expanded and modified DSM programs for an extended five-year term.

Regarding the Rate Rider, Dominion seeks to continue the cost recovery mechanism currently in effect with four modifications: shortening the amortization period for recovery of DSM balances to three years; changing the carrying cost applied to unrecovered DSM balances to the Company's weighted average cost of debt; increasing the shared savings incentive to 11.5%; and shortening the period during which customers are prevented from opting out of DSM programs after receiving DSM benefits from five years to three years.

I move we approve the Rate Rider along with the requested changes but limit the shared savings incentive to 9.9% as recommended by the Office of Regulatory Staff.

Other substantive issues regarding Dominion's DSM/EE programs, include (1) the intervenor's proposed 1% efficiency target, (2) expanding the size of the Neighborhood Energy Efficiency Program, (3) relaxing the income standards for neighborhoods qualifying for Neighborhood Energy Efficiency Program, (4) adding additional measures to the Neighborhood Energy Efficiency Program for low to moderate income customers, (5) upstream programs, (6) programs targeted at residential new construction, and (7) municipal LED lighting.

For the 1% efficiency target, I move that the utility's current percentage of energy savings are sufficient at this time, but I would like to see more aggressive efforts in attaining increased efficiency in the future;

For expanding the size and relaxing the income standards for the Neighborhood Energy Efficiency Program, I move that Dominion's effort to increase funding by approximately 50% and expand program participation by approximately 45% are acceptable. I also recognize that a majority of the intervenors' suggestions for adding to this program are already included in Dominion's suite of programs;

For upstream programs designed to incentivize equipment manufacturers, I believe it is difficult to ensure that the incentives from such programs are in fact driving customers' choices of high efficiency products, and that it is more effective to focus on incentives paid directly to customers;

For programs targeted at residential new construction, Dominion had previously implemented such measures in program years 1 – 4 with little success, due to, among other things, the fragmented nature of the new home builder market in the service territory and the fact that such programs can reach only a relatively few customers (those building or buying new homes) compared to programs that can allow a much broader group of customers to participate and benefit.; and

For increasing the transition to municipal LED lighting, I find this sector of energy efficiency is already transitioning as costs decline and will likely continue at a strong pace without the added incentives proposed by intervenors.

However, I was persuaded by the Office of Regulatory Staff and the intervenors NAACP, South Carolina Coastal Conservation League, and Southern Alliance for Clean Energy regarding the following issues:

- Dominion is encouraged to maximize cost effective gains in energy efficiency with a 1% goal or more of energy savings. To this end, I move that we require the next Potential Study to evaluate technical potential, economic potential, and maximum achievable potential;
- I move that Dominion explore cost effective changes to expanding the size and guidelines of Neighborhood Energy Efficiency Program to include more participants; and
- I move that the Utility track “found revenue” for the purpose of offsetting lost revenue and include a final report on those findings at the conclusion of the next five-year review process with preliminary results to be included in each year’s annual oversight review. The next Potential Study shall evaluate the concept of found revenue based on the data that has accumulated with analysis on whether reducing lost revenue by found revenues (while controlling for found revenue program costs) necessarily results in a utility recovering less than its net income absent its investment in DSM, and whether those results are consistent with the requirements of Section 58-37-20.

Regarding the utility’s request to modify, amend, terminate and/or add any measure or program to its suite of DSM/EE programs without the requirement of seeking prior Commission approval, I move that we grant this request in conformity with the existing authority found in Order No. 2010-472 that was subsequently reaffirmed by Order No. 2013-826. As in those prior orders, I find this flexibility allows Dominion to implement its DSM programs in an efficient manner and provides the ability to adjust these programs as market conditions evolve. However, as in those orders, the Company will report such modifications or changes to the Commission as part of its annual review filings. Further, the Utility must seek approval from the Commission prior to cancelling any programs.

Regarding the Late Filed Exhibit and subsequent Motion to Strike, the submission by the intervenors provides an extensive proposal in response to my request for a late-filed exhibit. That said, the proposal goes beyond the scope of the request and has not been subject to discovery and cross examination. However, as recognized by Dominion, Section 2.1 of the Efficiency Intervenor’s Late Filed Exhibit is “directly responsive to Commissioner Ervin’s request.” I move that the Commission strike the Late Filed Exhibit except for Section 2.1. Dominion represents that the five programs listed in Section 2.1 are “largely duplicative of programs and measures already included in DESC’s proposed suite of DSM offerings.” I move that we give the parties 60 days to file Comments on the programs listed in Section 2.1 and whether they are duplicative of what we are approving today. Although consideration of the rest of the Late Filed Exhibit is not appropriate for this year’s examination, I am concerned about reducing winter peak, and this Commission will continue to address this issue in future proceedings. Further, it is necessary to add that collaboration with stakeholders and the advisory group established by Order No. 2010-472, which includes the membership of ORS, Coastal Conservation League, and Southern Alliance for Clean Energy, is invaluable to this process, and I encourage these entities to work together in a cooperative spirit and help the Commission in reaching the most cost-effective and efficient way to reduce winter peak. Winter peak, of course, is important in other ways, because it impacts everything that we do. So it is a very important part of our work and this is why we want to put special emphasis on it.

Further, I move that we adopt the following recommendations from the Office of Regulatory Staff:

- Adjust avoided costs calculations used to determine the value of load reductions to align with the

methodology as approved under Act 62 in Docket 2019-184-E

- Approve DESC's request for the effective date of the change in carrying cost as December 1, 2019 to align with the implementation of the new and expanded program
- Exclude from Shared Savings Incentive calculation low income programs, education programs, and research and development activities not directly associated with a DSM or EE program
- Require DESC to re-evaluate new direct load-control programs when AMI becomes available in the DESC territory
- Require DESC to provide the Commission with an updated estimate of the 2020 rate for a residential customer using 1,000 kWh based on the Order in this proceeding
- Require DESC to provide the Commission with updated clean and red-line versions of the proposed Rate Rider reflecting the Commission's determination in this case

Last, all other issues not specifically addressed by this directive will be detailed in the order that follows.

PRESIDING: Randall

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
BELSER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ERVIN	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WILLIAMS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Absent</u>

Military Leave

(SEAL)

RECORDED BY: J. Schmieding

